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ABSTRACT

This report examines the Buy American provision of the Commodity Distribution Reform Act and the Special Supplemental Food Program for Women, Infants, and Children Amendments of 1987. In particular, compliance by school districts participating in the National School Lunch Program under the cash payment and commodity letters of credit systems is discussed. Results indicate that the Food and Nutrition Service and two of the three states visited have implemented the Buy American requirements, but only limited monitoring to determine compliance has taken place. Following an extensive letter disclosing general results of the study, Appendices II, III, and IV provide more specific information on the implementation and monitoring actions taken by the service's headquarters and regions as well as the three states and four school districts visited. (SI)

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United States General Accounting Office

GAO

Report to Congressional Requesters

August 1989

SCHOOL LUNCH PROGRAM

Buy American Procedures at Schools With Cash or Credit in Lieu of Food

EA 021 478

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United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-222207

August 9, 1989

The Honorable Tom Harkin
Chairman, Subcommittee on Nutrition and Investigations
Committee on Agriculture, Nutrition and
Forestry
United States Senate

The Honorable Richard G. Lugar
Ranking Minority Member
Committee on Agriculture, Nutrition and
Forestry
United States Senate

In a letter dated January 11, 1989, you asked us to determine whether the "Buy American" provision of the Commodity Distribution Reform Act and WIC[1] Amendments of 1987 (P.L. 100-237, Jan. 8, 1988) was being complied with and whether sufficient procedures were in place to ensure compliance by school districts participating in the National School Lunch Program under the cash payment (CASH) and commodity letters of credit (CLOC) systems.[2] In general, Buy American provides that the Secretary of Agriculture require that recipient agencies, including school districts that receive federal funds, only purchase food products that are produced in the United States whenever possible. In subsequent discussions with your offices, we agreed to provide you with information on the implementing and monitoring procedures for the Buy American provision at USDA's Food and Nutrition Service headquarters and two of its regions, three selected states, and four selected CASH and CLOC school districts—two under each of the two systems.

Results in Brief

Generally, the Food and Nutrition Service and two of the three states we visited—Illinois and West Virginia—have implemented the Buy American requirements but only limited monitoring to determine compliance has taken place. Ohio did not take any special action to implement the

[1]The Special Supplemental Food Program for Women, Infants, and Children (WIC).

[2]The CASH and CLOC systems, established as demonstration studies in 1981, provide a limited number of school districts participating in the school lunch program with funds and letters of credit, respectively, equal to the value of commodities that they would otherwise receive from the U.S. Department of Agriculture (USDA).

interim rule.[1] The Service published an interim rule implementing the Buy American provision, and officials at three of the four school districts that we visited in the states told us that they were aware of the requirement from information provided to them by the state offices. Officials in the fourth school district were not aware of the new requirement. School district officials in the three school districts that knew about the provision told us that they had advised their suppliers to deliver domestic products only, and the suppliers that we contacted confirmed these statements. In addition, officials in two of the school districts told us that they periodically inspect product labels to check on whether the Buy American requirement is being met.[2] The Service, through a contractor, also monitors CLOC school district food purchases by periodic reviews of invoices to determine if the Buy American requirement has been met; however, neither the Service nor the states we visited monitor CASH school districts to ensure that the requirement is met.

Background

Over 15,000 school districts participate in USDA's National School Lunch Program. These school districts receive cash subsidies and agricultural commodities purchased by USDA under price support and surplus removal programs. In December 1980 the Congress enacted Public Law 96-528 which, among other things, required USDA to implement a 3-year demonstration project to test the feasibility of replacing the donated commodities with either additional cash payments—CASH—or CLOC. Twenty-nine CASH school districts nationwide receive checks equivalent to the value of the USDA commodities that they would otherwise receive. These funds can be used to purchase food and related items such as food-processing equipment. Another 26 school districts receive commodity letters of credit, instead of commodities they would otherwise receive, to purchase specific commodities from local sources within a designated time period.

[1]The interim rule, published under Rules and Regulations in the Federal Register, July 21, 1988, amended existing program regulations. An interim rule is a regulation that is in effect for a temporary period. Agencies issue interim rules when they believe good cause exists to dispense with the required notice and comment period under the Administrative Procedures Act. Generally, interim rules invite public comments that are analyzed and incorporated into final regulations. In this case, USDA believed good cause existed because the Buy American provisions became effective immediately upon passage of Public Law 100-237. The interim rule contains a procedure for carrying out the provisions.

[2]Section 304 of the Tariff Act of 1930 (19 U.S.C. 1304) requires imported articles to be marked with the country of origin. The law allows school district officials to inspect product labels.

Public Law 100-237 extended the project through 1990 and included a Buy American provision that applies to all school districts participating in the National School Lunch Program. The act exempts Alaska and Hawaii and United States territories from the requirement and permits the Secretary to grant waivers for certain circumstances, such as for unusual or ethnic preferences.

Steps Taken to Implement the New Buy American Requirement

The interim rule, published in the July 21, 1988, Federal Register, specifies that the Buy American requirement is applicable only to purchases made with federal funds, but it also encourages school districts to purchase food products that are produced in the United States regardless of the funding source. The rule also changed the purchasing requirement by defining a product produced in the United States as an unmanufactured food product produced in the United States or as a food product manufactured in the United States irrespective of where the ingredients were produced. Prior to Public Law 100-237, the Buy American Act (41 U.S.C. 10) and Executive Order 10582, dated December 17, 1954, required that federal agencies only purchase "domestic end products" for public use in most instances. A domestic end product was defined in a USDA publication as an unmanufactured end product produced in the United States or a product manufactured in the United States if the cost of its components produced in the United States exceeds 50 percent of the total cost of the product. Although Public Law 100-237 and the interim rule permit waivers by school districts from the Buy American requirements, neither the Service nor the states we reviewed had received any waiver requests.

The Service's offices that we visited in the Mid-Atlantic and Midwest regions informed their states of the interim rule during July and August 1988, by letter and by telephone calls, respectively. The state officials that we met with in Illinois, West Virginia, and Ohio were aware of the rule.[1] The regional offices also included the Buy American topic on their agenda for meetings with state officials during November and December 1988, respectively. Although the Service regional officials could not provide records of the topics actually discussed at those meetings, Illinois and West Virginia state officials recalled Buy American discussions. The Ohio state officials did not attend the Midwest region's meetings.

[1] Illinois and Ohio are located in the Service's Midwest region, and West Virginia is located in the Mid-Atlantic region.

State officials in Illinois notified school districts of the Buy American requirements by letter, and West Virginia officials told us that they orally advised all of their school districts of the interim rule requirements. West Virginia also scheduled discussions that included the Buy American provision on their agenda for meetings with school district officials in September 1988, and state and school district officials told us that they recalled the discussions. While Ohio did not take any special action to implement the interim rule, the officials told us that they have always encouraged school districts to buy American-produced food items during their periodic meetings with school district officials. State officials in all three of the states, however, could not provide records of the topics actually discussed at their meetings with school district officials.

The school districts we visited in Illinois and West Virginia had received the rule requirements. School district officials in two of the districts told us that they had orally notified their suppliers that food products purchased must be domestic items; school district officials in the other district had incorporated this requirement into written price quotation requests sent to potential suppliers. The school district purchasing official in Ohio, however, told us that he was not aware of the Buy American requirement.

Limited Monitoring Made of School District Purchases

The Service has had a contract with Virginia Polytechnic Institute and State University since 1981 that provided for the University to develop procedures for CASH and CLOC operations. The current contract also provides for the University to issue commodity letters of credit to CLOC school districts and to review the invoices for food purchases made by the CLOC school districts under the terms of the letters of credit. The terms of the letters have included a requirement that school districts purchase products produced in the United States, even before the Public Law 100-237 was enacted, to qualify for federal reimbursement. Except for the periodic monitoring of the purchases made by the CLOC school districts under the contract arrangements with the University, neither the Service nor the state officials that we interviewed could provide any written guidance for or evidence of the monitoring of school district food purchases at the CLOC and CASH school districts to ensure that the Buy American requirements were met. The Service's regional officials and the state officials that we interviewed told us that there were no specific requirements for their offices to monitor the school district purchases.

The officials at two of the four school districts we visited told us that they inspected product labels to help ensure that foreign products were not being purchased. The official at a third school district told us that he relied on suppliers to deliver only American products. (As noted above, the official at the fourth school district was not aware of the Buy American requirement.) Officials at the three school districts told us that they would return foreign products to suppliers if they identified the item as foreign before use. One school district official told us that in at least one instance, he had unknowingly purchased a food item that the University identified as a product of foreign origin. He said that the item had been used before the University had notified him that the product was foreign, and the school district lost the federal reimbursement for the purchase.

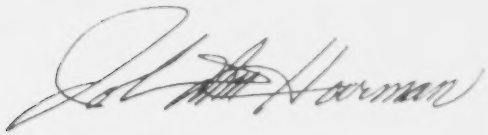
Appendixes II, III, and IV provide more specific information on the implementation and monitoring actions taken by the Service's headquarters and regions, the three states, and the four school districts that we visited, respectively.

We conducted our review during March and April 1989. We obtained documents and interviewed officials at the Service's headquarters and Mid-Atlantic and Midwest regions; University officials who monitor the CLOC system for the Service; Illinois, Ohio, and West Virginia officials; and school lunch program administrators at four schools districts: Community School District, Paris, Illinois (CLOC); Northwestern Local School District, Springfield, Ohio (CASH); Grant County School District, Petersburg, West Virginia (CASH); and Pendleton County School District, Franklin, West Virginia (CLOC). In addition, we contacted some of the school district food suppliers to confirm statements made by school district officials. Details of our objectives, scope, and methodology are presented in appendix I.

We plan no further distribution of this report until 30 days from the date of this letter unless you publicly announce its contents earlier. At that time, we will send copies to the Secretary of Agriculture and other interested parties.

If you have any questions regarding this information, please call me at (202) 275-5138. Other major contributors to this report are listed in appendix V.

Sincerely yours,



John W. Harman
Director, Food and
Agriculture Issues

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Abbreviations

CASH	Cash in Lieu of Commodities
CLOC	Commodity Letter of Credit
NSLP	National School Lunch Program
USDA	U.S. Department of Agriculture
WIC	The Special Supplemental Food Program for Women, Infants, and Children

Objectives, Scope, and Methodology

The more than 15,000 school districts participating in the National School Lunch Program (NSLP) are entitled to receive cash subsidies and donated agricultural commodities purchased by USDA under price support and surplus removal programs. The CASH and CLOC systems, originally established under a demonstration project to study alternatives to the usual donated USDA commodities, provide 29 school districts with additional cash and 26 school districts with commodity letters of credit. These alternative systems were originally developed to study how to help resolve different views about the effectiveness of USDA's commodity donations. The Commodity Distribution Reform Act and WIC Amendments of 1987 (P.L. 100-237) authorized the extension of the CASH and CLOC systems through 1990. In addition, the act included a "Buy American Provision" which applies to all school districts under the NSLP. The act states that the Secretary of Agriculture "shall require that recipient agencies purchase, whenever possible, only food products that are produced in the United States." The act specifies some exceptions and permits the Secretary to grant waivers.

In a letter dated January 11, 1989, the Chairman, Subcommittee on Nutrition and Investigations, and the Ranking Minority Member, Senate Committee on Agriculture, Nutrition and Forestry, requested that we review the Department of Agriculture's CASH and CLOC pilot project school districts to determine whether the Buy American statutory requirement was being complied with and whether sufficient monitoring procedures are in place to ensure compliance.

Our objectives, as agreed to during these discussions, were to provide information on implementation and monitoring procedures existing for the Buy American provision by USDA Food and Nutrition Service headquarters and two of its regions, three selected states, and four selected CASH and CLOC school districts—two under each of the two systems. As agreed, because of time constraints, the scope of our review was limited to those locations. Consequently, the information obtained does not necessarily represent activities in other service regions, states, or school districts.

We judgmentally selected two CASH and two CLOC school districts, one each in Ohio and Illinois, and two in West Virginia. These locations allowed us to review the procedures and processes used by two of the seven Food and Nutrition Service regional offices, three states, and four school districts. We subsequently interviewed the following persons to ascertain the implementation and monitoring actions taken by their offices:

- Food Nutrition Service headquarters officials responsible for the National School Lunch Program.
- Employees of Virginia Polytechnic Institute and State University, the Service's contractor for issuing commodity letters of credit and for reviewing the CLOC school district food purchase invoices submitted to the Service for federal reimbursement.
- Service officials in the Mid-Atlantic Regional Office (Trenton, N.J.) and the Midwest Regional Office (Chicago, Ill.).
- Cognizant officials in the states of Ohio, Illinois, and West Virginia.

We also interviewed cognizant officials of the following CASH and CLOC school districts:

- Community School District, Paris, Illinois (CLOC).
- Northwestern Local School District, Springfield, Ohio (CASH).
- Grant County School District, Petersburg, West Virginia (CASH).
- Pendleton County School District, Franklin, West Virginia (CLOC).
- Selected food suppliers for two of the four school districts.

We did not review all records maintained at the offices included in our review because of time constraints. However, we did request and review the records which the officials referred to during our interviews. We conducted our review during March and April 1989. As requested, we did not obtain USDA officials' comments.

Federal Efforts to Implement and Monitor the Buy American Requirement

The Food and Nutrition Service published an interim rule to implement the Buy American provision of Public Law 100-237. The states under the Service's Mid-Atlantic and Midwest regional offices that we visited had received the rule, and the regional offices placed the Buy American topic on agendas for meetings to be held with state officials.

The Service's monitoring efforts are carried out through a contract with Virginia Polytechnic Institute and State University. The contract provides for the University to review CLOC school district purchase invoices to ensure that the school districts' reimbursement claims for CLOC purchases meet federal requirements. Except for the contractor's review of CLOC purchase invoices, Service and University officials told us that they have not monitored food purchases at the school districts to ensure that the Buy American requirement was met. Further, Service officials told us that determining the country of origin is often difficult, thereby making monitoring for foreign purchases difficult as well. Nevertheless, Service officials are proposing that regional offices include the Buy American requirement in management reviews of state operations.

Buy American Requirement Established by Service

In 1982 the Service's contractor developed and issued separate operating procedures for CLOC and CASH school districts to follow. One part of both sets of procedures required that all food purchased by these school districts be domestic end products. This conformed to requirements of the Buy American Act (41 U.S.C. 10) and Executive Order 10582, dated December 17, 1954. Domestic end products had been defined by USDA as either an unmanufactured end product produced in the United States or a product manufactured in the United States if the cost of its components produced in the United States exceeded 50 percent of the total cost of the product.

After the Congress passed Public Law 100-237, dated January 8, 1988, the Service published an interim rule in the Federal Register, July 21, 1988, which cites the Buy American provision of the new law and replaces the earlier procedural requirement of 1982. The interim rule, which refers to statements in the legislative history of the law, states that the Buy American requirement is to be applicable only to purchases made with federal funds. The rule, however, encourages school districts to purchase food products that are produced in the United States regardless of the funding source. These products are defined as unmanufactured food products produced in the United States or as food products manufactured in the United States irrespective of where the

ingredients were produced. For example, pizza manufactured and packaged in the United States with imported spices and tomato paste would be defined as a domestic product. The interim rule states that the definition of food products produced in the United States eliminates the need for recipient agencies, including school districts, to determine if the ingredients in a product were produced in the United States.

Regions' Actions to Implement the New Buy American Requirement

The Service's Mid-Atlantic and the Midwest regional offices informed the state offices within their regional boundaries of the interim rule requirements soon after its issuance and included the Buy American requirement on their agenda of meetings with state officials.

The Service's Mid-Atlantic regional office sent a letter, dated July 26, 1988, to state offices in its region which highlighted the changes in the Buy American requirement made by the interim rule. The regional staff also included the Buy American requirement on the agenda for their November 1988 meeting with the state school district officials within their region, including West Virginia, but they could not provide a record of the meeting discussions. (West Virginia state officials told us that they recalled a discussion of the Buy American provisions, but because many topics were discussed at the meeting, they did not recall the extent of the discussion.) In addition, the regional officials told us that for several years, they have encouraged the states to purchase products produced in their respective states to promote the use of domestic foods. As an example, they provided a letter sent to Virginia state officials in March 1989 suggesting that the state promote Virginia home grownfood products in the school districts during agriculture week.

A Service Midwest regional official told us that she informed the state offices in her region of the interim rule requirements soon after it was received and that she discussed rule changes with state officials by telephone. The state officials in both Illinois and Ohio told us that they had received the interim rule. In addition, a Midwest official provided us with meeting agendas that showed that Buy American requirements had been scheduled for discussion with all the state officials within its region at meetings in May and December 1988. Regional officials could not provide us with a record of the topics actually discussed at those meetings, but the Illinois official that we talked to recalled the Buy American provision discussions. The Ohio officials did not attend those meetings.

Monitoring of the Buy American Provision Is Limited

Service headquarters officials told us that the Service has not monitored the implementation of the Buy American requirement by their regional offices, the states, or the CASH and CLOC school districts. One Service official, however, stated that a draft of the Service's Coordinated Management Evaluation Guidance for State Agency Operations, which contained steps for the Service's regional offices to review states' actions to implement the Buy American requirement, had been sent to the regional offices for comment. Officials in the Mid-Atlantic regional office told us that they plan to include the Buy American requirement in their reviews of state program operations. Midwest regional officials told us that they did not have specific plans to monitor the implementation of Buy American requirement in reviews of state operations; however, they told us that they would if the requirement were given priority.

The Service has had a contract with Virginia Polytechnic Institute and State University since 1981 that provided for the University to develop and implement procedures for CASH and CLOC operations. The current contract requires the University to obtain monthly student participation reports from CASH and CLOC school districts and to calculate the amounts that these school districts would receive in cash or commodity letters of credit. The contract also provides for the University to (1) issue commodity letters to CLOC school districts, which authorize the school districts to purchase specific items under the terms in the letters, and (2) review food purchase invoices submitted to the Service by the CLOC school districts for federal reimbursement. A similar review of CASH purchase invoices is not required by the current contract.

The University's Project Director told us that the University has reviewed CLOC school districts' purchase invoices since the demonstration project first began in 1982 to ensure that purchases were made according to the contract terms and that only food of domestic origin was allowed for purchases reimbursed by federal funds. (Officials at the Franklin, W.Va., school district provided us with an example which showed that the University had questioned the origin of a CLOC school district food purchase. As a result, the school district was denied reimbursement for the purchase.)

The Service's Mid-Atlantic and Midwest regional officials told us that they had not monitored the implementation of the Buy American purchase requirement at any of the school districts in their region or identified what action states are taking to monitor such implementation at school districts. They told us that the current regulations assign the

responsibility of reviewing school district lunch operations to the states but that the regulations (7 C.F.R. 210) do not require the states to cover the Buy American requirement. Moreover, because the Service has a contract with the University, they did not consider the regions nor the states responsible for monitoring CASH and CLOC school districts' food purchases.

Problems in Determining Country of Origin

Some Service and University officials that we interviewed told us that they had problems in identifying the country of origin of food products. They told us that they were not aware of a formal list that identifies domestically produced or manufactured foods versus foreign products. However, the University Project Director told us that since 1981, the University's staff, on the basis of inquiries, has compiled a list of companies that have products produced and/or manufactured in the United States. She also told us that school districts generally know, on the basis of experience, whether a product was produced or manufactured in the United States. She added that another way to tell the origin of a product is from the label.[1] Officials at the Service's Mid-Atlantic regional office, at the West Virginia state office, and the four school districts told us, however, that they did not know of any reliable source of information that would enable them to distinguish foreign from domestic products.

Regions Encouraged to Include Buy American in Management Reviews

The Service's regional offices perform management evaluations to annually review how selected states are carrying out various Service directives. Service officials have encouraged their regional offices to include the Buy American requirement in management reviews of state operations. In this respect:

- Mid-Atlantic regional officials revised their management evaluation review guidance document in February 1989 to include a review step to determine if the states had informed the school districts of the Buy American requirement.
- The Midwest regional officials told us that they would include the Buy American requirement in their management evaluation reviews of states if the Service's headquarters specifically required it. As mentioned before, the Service has proposed to include this topic in the regional

[1]Section 304 of the Tariff Act of 1930 (19 U.S.C. 1304) requires imported articles to be marked with the country of origin.

reviews of state operations; however, it has not been designated a priority item for inclusion in regional evaluation plans by Service headquarters.

Officials from both regions pointed out, however, that current program review requirements assigned to the regions and the states were extensive and that the Buy American requirement may not be as high a priority as other issues involving program operations.

State Efforts to Implement and Monitor the Buy American Requirement

Cognizant state officials in Illinois and West Virginia told us that they informed school districts of the Buy American requirements of Public Law 100-237, and the officials included domestic versus foreign purchase topics on their agenda for meetings with local school district officials. School district officials in those states were aware of the requirements. Ohio state officials told us that they did not specifically advise school districts of the Public Law 100-237 requirement but that they have encouraged school districts to buy domestic products. The official at the Ohio school district we visited told us that he was unaware of the new requirement. Officials in all three states told us that they have not monitored purchases made by school districts to ensure that the Buy American requirement was met.

States' Implementation of the New Buy American Requirement

Cognizant state officials in Illinois and West Virginia told us that they advised all of the school districts in their states of the interim rule requirements and included discussions about purchasing sources in their meetings with school district officials. Officials in Illinois and West Virginia sent letters to advise the school districts in their states of the new Buy American requirement. Illinois' November 7, 1988, letter to its school districts summarized the definition and exceptions in the new rule, and West Virginia officials attached the Assistant Secretary of Agriculture's January 13, 1988, speech covering the new Buy American requirement to their March 21, 1988, letter to school districts.

A West Virginia official provided us with meeting agendas showing that Buy American or similar domestic purchase topics were included in state meetings and workshops with the school districts. The official told us she also was concerned about the origin of the products purchased by the school districts because of quality and safety matters, such as the control over the use of pesticides in the producing geographic areas.

Ohio officials told us that they did not provide the interim rule to school districts but that they have always encouraged school districts to buy American-produced food items during their meetings with school district officials. They could not, however, confirm their coverage of this subject with records of those meetings.

States Have Not Monitored School Districts' Purchases

Officials in the three states we visited told us that they had not monitored the implementation of the Buy American purchase requirement by the CASH and CLOC school districts in their states. They stated that the Service had a contract with the Virginia Polytechnic Institute and State University which is responsible for overseeing CASH and CLOC school district operations. In addition, they did not consider their offices responsible for making management reviews at the school districts to determine if the Buy American requirement was met because there is no such requirement cited in federal regulations.

CASH and CLOC School Districts' Efforts to Implement and Monitor the Buy American Requirement

The officials at three of the four CASH and CLOC school districts that we visited were aware of the Buy American requirement. They told us that they had advised suppliers that only domestic products must be delivered. The officials at two of three school districts told us that they had periodically looked at the labels of items delivered and on storage shelves, but one of these school district officials told us that he had unknowingly purchased and used a foreign product. An official at a third school district told us that he relied on suppliers to deliver domestic products only. The official at the fourth school district was not aware of the Buy American requirement.

School Districts Vary in the Extent of Their Implementation

Officials in the three school districts we visited in Illinois and West Virginia were aware of the Buy American requirement. Officials at two school districts told us that they had advised food suppliers that only domestic products could be purchased unless domestic products were not available. The purchase officials at a third school district advised suppliers that all products must be produced in the United States, and further, requested suppliers not to quote prices on imported products. The purchasing official at a fourth school district in Springfield, Ohio, a CASH school district, told us he was unaware of the Buy American requirement.

Specifically, school district officials in Petersburg, West Virginia, and Paris, Illinois—a CASH and a CLOC school district, respectively—told us they had orally notified their suppliers that food products purchased must be of domestic origin. The school district purchasing official in Franklin, West Virginia, a CLOC school district, had incorporated this requirement into a written request for price quotations, which the school district sent potential suppliers. The officials at the three school districts told us they would require suppliers to pick up imported products delivered if they found that deliveries of foreign products had been made when domestic items were available. As previously mentioned, the official at the fourth school district was not aware of the purchasing requirement.

School Districts' Steps and Views of Monitoring Differs

School district officials at two of the four school districts we visited told us that they monitor deliveries to look for foreign products. The official at a third school district told us he relied on suppliers, who considered the school district's business important, to meet the requirements. The fourth school district, in Ohio, did not monitor purchases to determine

the products origin because the purchasing official told us that he was not aware of the Buy American requirement.

Officials at the two school districts we visited in West Virginia told us that they periodically checked deliveries to try to ensure that only domestic products were being delivered. They also told us that they inspected the product labels of items on storage shelves to determine if foreign products had been provided without their knowledge. The Illinois school district official told us that they relied on suppliers' salespersons to ensure that only United States products were delivered. The officials told us, however, that they did not believe that there was a reliable method to always determine whether some food products were produced or manufactured in the United States. For example:

- A school district official in Franklin told us that he checks deliveries and labels periodically; however, in at least one instance he had unknowingly purchased a pineapple product that the University identified as a foreign item. A domestic product was available, and the University denied federal reimbursement funds for the foreign item purchase. (The item could not be returned because it had been consumed by the time the University had questioned the purchase.)
- An official in Petersburg, West Virginia, a CASH school district, told us that the district had returned a foreign product to the supplier, but the primary reason for the return was the inferior quality of the product. The official indicated that if the product had been of good quality, the origin of the product may not have been identified and it may not have been returned.

We asked officials at all four school districts how state officials charged with reviewing their operations could determine if the school districts had complied with the Buy American requirement. A school district official in West Virginia expressed uncertainty about whether the rule was limited to federal funds, and she told us that reviews to determine if the law had been complied with would be difficult, particularly with perishable items. The school district official in Ohio, who was unaware of the requirement, also thought that the identification of foreign products would be difficult.

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